Dis-Chem

Better health starts here

Code of Ethics

The intention of this document is to:

- Standardise general practices and policies;
- Ensure a standard policy format;
- Ensure a standard procedure to approve policies;
- Create a Management tool to monitor Dis-Chem's stakeholders practices and policies; and
- Ensure compliance to minimum standards as approved by the Dis-Chem Board.

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1. INTRODUCTION

1.1 Policy

Dis-Chem and all its subsidiaries are committed to a policy of fair dealing and integrity in the conduct of their business. This commitment, which is actively endorsed by the Board of Directors of Dis-Chem, is based on a fundamental belief that business should be conducted honestly, fairly and legally. Dis-Chem expects all employees, directors and stakeholders to share its commitment to high moral, ethical and legal standards.

Any employee who has questions regarding conduct in specific situations should obtain guidance from his or her Manager, a Director or the CEO.

It is the duty of all Directors and all Managers in the group to ensure that the Group ethical standards and policies are made known to all stakeholders for whom they are responsible. Ultimately, however, it is up to each of us to adhere to Dis-Chem's principles of honesty, integrity and fairness, and to perform our duties in accordance with all laws and regulations.

1.2 Understanding the Code of Ethics

As employees of the Dis-Chem group, we must understand and abide by many laws and regulations that govern business practices in our own countries and in the other countries where Dis-Chem operates. In all cases, we must maintain the highest level of legal and ethical standards in our business conduct.

We have created the enclosed manual to provide you with an overview of the Dis-Chem group's Code of Ethics and corporate compliance policies. This manual provides you with summary information on what constitute unlawful or unethical business practices and what to do if you know or suspect someone has violated a policy or law.

We must all take responsibility for preserving the integrity of the Dis-Chem group. We rely on our employees to protect the reputation of Dis-Chem by committing themselves to ethical behaviour and by reporting suspected or actual violations of these ethical policies. With your support, we will be able to ensure and maintain the good faith that stands behind the Dis-Chem group name.

This document outlines Dis-Chem's Code of Ethics ("the Code"), which applies equally to all employees and other representatives of Dis-Chem. The term employees, has been used in the broadest sense and includes: all staff with whom a service contract exists, management, non-management, directors, contractors, consultants and temporary staff. The Code is designed to inform employees of policies in various areas. Please study the Code carefully so that you understand Dis-Chem's expectations and your obligations.

Compliance with the Code by all employees is mandatory. If employees become aware of, or suspect, a contravention of the Code, they must promptly and confidentially advise their line manager or the Human Resources Manager or the Chief Executive Officer or the Chief Financial Officer (provided such person was not involved in the alleged violation), or through the whistle blowing facilities if fraud is suspected. The matter will be investigated and dealt with according to Dis-Chem's Disciplinary Code of Conduct. Failure to report violations of the Code will itself be considered a serious violation of this Code. It is Dis-Chem's policy that no retaliation or other adverse action will be taken against any employee for good-faith reports of Code violations.

Any waivers of or amendments to this Code must be in writing and must be approved in advance by the Audit and Risk Committee of the Board of Directors. Waivers and amendments, and the reason therefore, shall be disclosed as required under applicable law and regulations. If employees are in doubt about the application of the Code, they should discuss the matter with their line manager, the Human Resources Manager or the CEO.

2. COMPLIANCE WITH LAWS AND REGULATIONS

Employees must comply with all applicable laws and regulations which relate to their activities for and on behalf of Dis-Chem. Dis-Chem will not tolerate any violation of the law or unethical business dealing by any employee, including any payment for, or other participation in, an illegal act, such as bribery.

Employees must ensure that their conduct cannot be interpreted as being in any way in contravention of applicable laws and regulations governing the operations of Dis-Chem.

2.1 Laws and regulations specifically important relating to the business are:

- Competition Act (as amended), No 89 of 1989
- Broad Based Black Empowerment Act, No 53 of 2003
- JSE Listing Requirements
- Insolvency Act (as amended), No 36 of 2004
- Companies Act, No 71 of 2008, including the Companies Act Administrative Regulations
- Customs and Excise Act, No 91 of 1964
- Trade Marks Act (as amended), 194 of 1993
- Registered Designs Act (as amended) , No 195 of 1993
- Patents Act (as amended), No 58 of 2002
- Income Tax Act. No 58 of 1963 (as amended)
- Value-Added Tax Act, No 89 of 1991
- South African Exchange Control Regulations (issued by SA Reserve Bank)

- Electronic Communications and Transactions Act, No 25 of 2002
- South African Passports and Travel Documents Act, No 4 of 1994
- Labour Relations Act, No 66 of 1995
- Employment Equity Act, No 55 of 1998
- Basic Condition of Employment Act, No 75 of 1997
- Skills Development Levy Act, No 9 of 1999
- Promotion of Equality and Prevention of Unfair Discrimination Act, No 4 of 2000
- Skills Development Act, (Amended) No 31 of 2003
- Unemployment Insurance Act, (Amended) No 32 of 2003
- Protection of Personal Information Act 4 of 2013
- Promotion of Access to Information Act 2 of 2000
- King IV
- Pharmacy Act 53 of 1974 and any amendments thereto and any related Acts or Regulations

2.2 Intellectual Property Policy and Guidelines

Any invention or creative work developed or prepared within the scope of employment by Dis-Chem is the intellectual property of Dis-Chem and constitutes an important asset of Dis-Chem. Employees are responsible for the protection of Dis-Chem's intellectual property. They must always comply with intellectual property laws and respect third parties' intellectual property rights. Each employee is obliged to notify the Chief Executive Officer or Chief Financial Officer of any intellectual property which qualifies for protection or possible infringement of the group's rights.

Overview of intellectual property

Patents

In exchange for the full disclosure of new inventions, the inventor can obtain a right to exclude others from making, selling or using the invention for a limited period of time.

Dis-Chem's policy is to protect inventions through the registration of domestic and foreign patents when appropriate.

Trade Secrets

This comprises business information that has actual or potential economic value to Dis-Chem, is not generally known and is kept secret by reasonable efforts. A trade secret has an indefinite life for so long as secrecy is maintained.

The protection of trade secrets requires the use of reasonable efforts under the circumstances to maintain secrecy. The use of confidentiality agreements is a fundamental element of Dis-Chem's efforts to maintain trade secrets.

Trademarks

These are words, symbols and devices which identify and distinguish the goods or services from others of the same kind. The owner of a trademark has the right to prevent others from using the same or a similar trademark. Rights in a trademark are created by its use in commerce and they continue so long as the trademark is used.

Dis-Chem's policy is to protect all words, symbols or devices that identify and distinguish Dis-Chem's goods or services by obtaining domestic and foreign trademark registrations.

2.3 Copyrighted or Licensed Material

It is both illegal and unethical to engage in practices that violate copyright laws or licensing agreements. Dis-Chem requires that all employees respect the rights conferred by such laws and agreements and refrain from making unauthorised copies of protected materials, including but not limited to printed matter, musical recordings and computer software.

This right protects authors' original works in a tangible medium. Copyright law does not protect ideas, only the expression of ideas. Examples are software, plans, processes, photographs and diagrams.

Works which qualify for copyright protection and which are owned by Dis-Chem must include a copyright notice.

A work created for Dis-Chem by another party e.g. training manuals, is owned by that party unless excluded by law or there is an express agreement that the work is a "work for hire" or there is a written assignment (i.e. transfer) of the copyright to Dis-Chem.

General guidelines

- South Africa has specific intellectual property laws which govern the various forms of intellectual property rights. Employees should consult their divisional director for specific information;
- All Dis-Chem intellectual property must be protected in an appropriate manner. An appropriate type of agreement must cover interactions with third parties, which may involve the transfer of confidential information;
- It is the responsibility of each employee to bring to the attention of his/her manager promptly and before any action is taken on behalf of Dis-Chem, circumstances with intellectual property implications or interactions with third parties in respect of Dis-Chem's intellectual property; and
- Dis-Chem respects the intellectual property rights of other parties. If the use of third-party intellectual property rights is proposed, prior authorisation must be sought via the Chief Executive Officer or Chief Financial Officer.

2.4 Competitive relationships

It is unethical and unlawful to collaborate with competitors or their agents or representatives to establish or maintain rates or prices at any particular level. Employees are encouraged to desist from engaging in anti-competitive behaviour that would lead to Dis-Chem contravening the Competition Act as administered by the Competition Commission of South Africa.

3. CONFLICT OF INTEREST

Employees are expected to perform their duties conscientiously, honestly and in accordance with the best interests of Dis-Chem to optimise business objectives.

Employees must not use their positions, or knowledge gained through their employment with Dis-Chem, for private or personal advantage or in such a manner that a conflict or an appearance of conflict arises between Dis-Chem's interest and their personal interests. A conflict could arise where an employee's family, or a business with which the employee or family is associated obtains a gain, advantage or profit due to the employee's position with Dis-Chem or knowledge gained through that position.

Every employee must promptly inform Dis-Chem of any business opportunities that come to the attention of the employee that relate to an existing or prospective business of Dis-Chem.

If employees feel that a course of action which they have pursued, are pursuing or are contemplating pursuing, may involve them in a conflict of interest situation or a perceived conflict of interest situation, they should immediately make all the facts known to the person to whom they report or to the Chief Executive Officer or Chief Financial Officer.

3.1 Outside activities, employment and directorships

We all share a very real responsibility to contribute to our local communities and Dis-Chem encourages employees to participate in religious, charitable, educational and civic activities.

Employees should, however, avoid acquiring any business interest or participating in any activity outside Dis-Chem which would create, or appear to create:

- An excessive demand upon their time, attention and energy which would deprive Dis-Chem of their best efforts on the job; or
- A conflict of interest - that is, an obligation, interest or distraction which would interfere or appear to interfere with the independent exercise of judgment in Dis-Chem's best interest.

Employees may not take up outside employment without the prior written approval of the Chief Executive Officer or Chief Financial Officer.

Employees who hold, or have been invited to hold, outside directorships should take note of all provisions of this Code of Ethics. When outside business directorships are being considered by employees' prior written approval must be obtained from the Chief Executive Officer or Chief Financial Officer of Dis-Chem.

3.2 Relationships with clients, customers and suppliers

Dis-Chem recognises that relationships with clients, customers and suppliers give rise to many potential situations where conflicts of interest, real or perceived, may arise. Employees should ensure that they are independent, and are seen to be independent, from any business organisation having a contractual relationship with Dis-Chem or providing goods or services to Dis-Chem, if such a relationship might influence or create the impression of influencing their decisions in the performance of their duties on behalf of Dis-Chem. In such circumstances, employees should not invest in, or acquire a financial interest, directly or indirectly, in such an organisation. Any conflict of interest must be declared in writing to the Chief Executive Officer or Chief Financial Officer.

3.3 Gifts, hospitality and favours

Conflicts of interest can arise where employees are offered gifts, hospitality or other favours which might, or could be perceived to, influence their judgment in relation to business transactions such as the placing of orders and contracts.

An employee should not accept gifts, hospitality or other favours from suppliers of goods or services to Dis-Chem. However, the acceptance of the following would not be considered contrary to such policy:

- Gifts' less than R1 000;
- Occasional business entertaining such as lunches, cocktail parties or dinners; and
- Occasional personal hospitality such as tickets to sporting events or theatres.

Any bribe or attempted bribe must be reported to the employee's line manager as soon as possible. It is Dis-Chem's intention that dealings with any supplier who offers bribes will be terminated.

Certain functions or operating areas may have more detailed rules governing the receipt of gifts, hospitality or other favours.

In addition, no bribes of any kind should be made by any Dis-Chem employee to any customer or potential customer to secure business.

Any employee receiving any gifts must declare the gift by completing the form (Gift declaration form) which must be signed by his/her line manager and submitted to the Human Resource manager for record keeping.

Providing the occasional gifts to customers, as set out below, would not be considered contrary to such a policy:

- Gifts' of less than R1 000;
- Occasional business entertaining such as lunches, golf, cocktail parties or dinners; and
- Occasional personal hospitality such as tickets to sporting events or theatres.

3.4 Bribes

Various anti-corruption treaties, laws and regulations require that neither Dis-Chem, its employees, its representatives and agents directly or indirectly, pay commercial bribes or kickbacks or make payments to government officials, government employees or political candidates or any parties for the purpose of obtaining, retaining or directing business to any person. Dis-Chem expects all employees to comply with these treaties, laws and regulations. Penalties for violating the anti-bribery provisions of these laws can be severe and often include heavy fines and prison sentences.

3.5 Personal investments

Dis-Chem respects the right of all employees to make personal investment decisions as they see fit, as long as these decisions do not contravene any provisions of this Code, any applicable legislation, or any policies or procedures established by the various operating areas of Dis-Chem, and provided these decisions are not made on the basis of material non-public information acquired by reason of an employee's connection with Dis-Chem. Employees should not permit their personal investment transactions to have priority over transactions for Dis-Chem and its clients.

When considering the application of this section, employees should ensure that no investment decision made for their own account could reasonably be expected to influence adversely their judgment or decisions in the performance of their duties on behalf of Dis-Chem.

Employees involved in performing investment activities on behalf of Dis-Chem and those who by the nature of their duties or positions are exposed to price-sensitive information relating to Dis-Chem are subject to additional rules governing personal investments. These may be imposed by the Companies Act, the JSE Listings Requirements, Banks Act, Financial Services Board, Securities Regulation Panel and other regulatory bodies, industry associations and management. The rules include requirements for employees to:

- Obtain prior written approval for, and to report on, their personal investment activity and the investment activity of those persons with whom they have a close relationship;
- Refrain from dealing in the shares of entities that Dis-Chem deals with during certain restricted periods, as well as Dis-Chem subsidiaries and associates; and
- All directors are to make an annual declaration of their interest and any other directorships and shareholding.

3.6 Insider Information and Insider Trading

Employees may receive information concerning Dis-Chem or one of its affiliates, business partners, clients, or customers that is confidential and not generally known by the public. If that information is "material" (i.e. publication of that information is likely to affect the market price of the shares of Dis-Chem or the entity to which the information relates), then the employee has an ethical and legal obligation not to:

- Act on that information (i.e. buy or sell shares based on that information);
- Disclose that information to others; or
- Advise others to buy or sell the shares of the entity to which that information relates, until such information becomes public.

An employee's direct or indirect use of or sharing of such confidential, privileged, or otherwise proprietary business information of Dis-Chem or its partners, clients, or customers for financial gain, including investment by the employee or the transmission of this information to others so that they can use this information for their financial gain, constitutes insider trading, which is a criminal offense.

All Dis-Chem share trades are prohibited during closing periods, being the period from half year end starting 1 August, or year end from 28 February, until the financial results are released on the JSE Stock Exchange News Service ("SENS").

No employee of Dis-Chem in possession of material non-public information in respect of Dis-Chem or any of its subsidiaries nor any member of his/her family or household, trustee, family trustee, companies controlled by an employee and a close corporation, may buy or sell securities/shares of Dis-Chem, its subsidiaries, or engage in any other action to take advantage of such information.

To avoid even the appearance of an improper transaction, employees should clear any proposed transaction in Dis-Chem securities with the Chief Executive Officer or Chief Financial Officer of Dis-Chem before carrying out the transaction.

Insider trading prohibitions

Securities law provides for severe penalties for insider trading i.e. individuals who trade in securities on the basis of material non-public information or tip such information to others, including civil penalties, criminal fines (regardless of the amount of profit), and imprisonment. Material non-public information is any information, which is not available to the general public, which a reasonable investor would consider important in making a decision to buy, hold or sell Dis-Chem securities. Material information includes any information which could reasonably be expected to affect the price of securities (e.g. reports of earnings or losses, news of a pending or proposed merger, acquisition or tender offer), irrespective of whether it is negative or positive information.

Rules for all employees:

- If an employee of Dis-Chem or any of its subsidiaries has material non-public price sensitive information with respect to Dis-Chem, any of its subsidiaries or holding company (if any), neither that person nor any member of his or her family or household, trustee, family trustee, companies or close corporations controlled by an employee may buy or sell the securities of Dis-Chem or engage in any other action to take advantage of, or pass on to others, that information, or make any recommendation with respect to the purchase or sale of Dis-Chem securities;
- This also applies to non-public price sensitive information relating to third party companies obtained in the course of employment with Dis-Chem or any of its subsidiaries;
- No employee in possession of material non-public information should purchase Dis-Chem securities on margin, make short sales of securities or buy or sell puts or calls on the securities; and
- Transactions that are required for independent, non-investment reasons (such as the need to raise money) are no exception.

Rules for officers, directors and employees who have access to unpublished price sensitive information:

- These persons are precluded from trading in Dis-Chem securities during "closed periods" as defined from time to time by the Board, which apply during the collation of results relating to financial periods ending in February and August respectively, until one full business day after the release of the results for the respective quarters, or when the Board has published a cautionary announcement;
- Prior to dealing in Dis-Chem securities (even outside closed periods), all employees who want to trade in Dis-Chem shares must obtain prior written approval from the Chief Executive Officer or Chief Financial Officer of Dis-Chem by completing the appropriated share trading form (Application for permission to deal in Dis-Chem listed shares) and submit it to the Human Resources department; and

- Directors of Dis-Chem are only allowed to trade in Dis-Chem shares after obtaining approval from the Chairperson of the Dis-Chem Board or Chairperson of the Audit and Risk Committee and submitting the form to the Company Secretary for record keeping.

3.7 SENS

The trading of Dis-Chem shares by any directors or their associates must be released on SENS within 24 hours of the trade having been made.

3.8 Remuneration

No employee may receive commissions or other remuneration related to the sale of any product or service of Dis-Chem except as specifically provided under an individual's terms of employment or as specifically agreed with management.

Employees may not receive any money or anything of value (other than Dis-Chem's regular remuneration or other incentives), either directly or indirectly, for negotiating, procuring, recommending or aiding in any transaction made on behalf of Dis-Chem, nor have any direct or indirect financial interest in such a transaction.

Remuneration for executive and non-executive directors of Dis-Chem is approved by the Remuneration Committee.

4. EMPLOYMENT EQUITY

Dis-Chem supports employment equity in the workplace which seeks to identify, develop and reward each employee who demonstrates the qualities of individual initiative, enterprise, hard work and loyalty in their job.

All employees have the right to work in an environment which is free from any form of discrimination, directly or indirectly, on any arbitrary ground, including, but not limited to race, gender, sex, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language, marital status or family responsibility. An employee should report any cases of actual or suspected discrimination to their line manager or the Human Resources Manager.

Employees with illness or disabilities may continue to work, provided that they are able to continue to perform satisfactorily the essential duties of their jobs and do not present a safety or health hazard to themselves or others.

5. ENVIRONMENTAL RESPONSIBILITY

5.1 Health and Safety

Dis-Chem is committed to taking every reasonable precaution to ensure a safe working environment for all employees.

Employees who become aware of circumstances relating to Dis-Chem's operations or activities which pose a real or potential health or safety risk should report the matter to their line manager and the Human Resources Manager. It is Dis-Chem's policy that no retaliation or other adverse action will be taken against any employee for good-faith reports.

5.2 Environmental management

Dis-Chem is committed to developing operating policies to address the environmental impact of its business activities by integrating pollution control, waste management and rehabilitation activities into operating procedures. Employees should give appropriate and timely attention to environmental issues.

6. POLITICAL SUPPORT

Dis-Chem accepts the personal participation of its employees in the political process and respects their right to absolute privacy with regard to personal political activity. Dis-Chem will not attempt to influence any such activity provided there is no disruption to workplace activities, and it does not contribute to industrial unrest.

Dis-Chem funds, goods or services may not be used as contributions to political parties or their candidates. Dis-Chem facilities must not be made available to parties or their candidates, unless specifically authorised by the Chief Executive Officer.

7. FUNDS AND PROPERTY

Dis-Chem has developed a number of internal controls to safeguard its assets and imposes strict standards to prevent fraud and dishonesty. It is every employee's responsibility to implement, maintain and enhance the effectiveness of the control environment in which they operate. All employees who have access to Dis-Chem's funds in any form must at all times follow prescribed procedures for recording, handling and protecting such funds. Operating areas may implement policies and procedures relating to the safeguarding of Dis-Chem property, including computer software.

Employees must at all times ensure that Dis-Chem's funds and property are used only for legitimate Dis-Chem business purposes. Where an employee requires Dis-Chem funds to be spent, it is the employee's responsibility to use good judgment on Dis-

Chem's behalf and to ensure that appropriate value and authorisation is received for such expenditure.

All payments made by or on behalf of Dis-Chem for any purpose must be fully and accurately described in the documents and records supporting the payment. No false, improper, or misleading entries shall be made in the books and records of Dis-Chem.

Complete and accurate information is to be given in response to enquiries from Dis-Chem's external and internal auditors.

If employees become aware of any evidence that Dis-Chem funds or property may have been used in a fraudulent or improper manner they should immediately and confidentially advise Dis-Chem as set out in the contravention of the Code section of this document. It is Dis-Chem's policy that no retaliation or other adverse action will be taken against any employee for good-faith reports.

8. RECORDS

Accurate and reliable records of many kinds are necessary to meet Dis-Chem's legal and financial obligations and to manage the affairs of Dis-Chem.

Dis-Chem's books and records should reflect all business transactions in an accurate and timely manner. Undisclosed or unrecorded revenues, expenses, assets or liabilities are not permissible, and the employees responsible for accounting and record-keeping functions are expected to be diligent in enforcing proper practices.

9. EMPLOYMENT MATTERS

9.1 Supervision of Relatives and Others

Close relatives and domestic partners shall not work directly or indirectly under the supervision of one another without prior written approval. "Close relative" means, but is not limited to, a spouse, sister, brother, sister-in-law, brother-in-law, father, mother, father-in-law, mother-in-law, step-parent, aunt, uncle, first cousin, child, step-child, foster child, or grandparent. "Domestic partner" means, but is not limited to, husband, wife, or a person the employee currently resides with in an intimate, romantic or sexual relationship. If such a situation should arise, it should be immediately brought to the attention of a direct manager and the Human Resources Manager.

Dis-Chem also requires that employees disclose to Human Resources the existence of an intimate, romantic or sexual relationship between employees where there exists a direct chain of command supervisor/subordinate relationship. Decisions concerning such employees will be made on a case-by-case basis by Human Resources.

9.2 Non-Discrimination

Dis-Chem's policy is to recruit, hire, promote and provide equal opportunities for all employees without regard to race, ethnic origin, sex, religion or belief, age, disability, national origin or sexual orientation, or veteran status. Dis-Chem expects all employees to support this policy and to treat fellow employees with respect and consideration. Harassment or unequal treatment of other employees is not permitted.

10. DEALING WITH OUTSIDE PERSONS AND ORGANISATIONS

10.1 Prompt Communications

Dis-Chem strives to achieve complete, accurate, fair, understandable and timely communications with all parties with whom it conducts business, as well as government authorities and the public. All employees must take all steps necessary to assist Dis-Chem in fulfilling its disclosure responsibilities. In addition, prompt and effective internal communication is encouraged.

A prompt, courteous and accurate response should be made to all reasonable requests for information and other client communications. Any complaints should be dealt with in accordance with internal procedures established by various operating areas of Dis-Chem and applicable laws.

10.2 Media Relations

In addition to everyday communications with outside persons and organisations, Dis-Chem will, on occasion, be asked to express its views to the media on certain issues.

When communicating publicly on matters that involve Dis-Chem business, employees must not presume to speak for Dis-Chem on any matter, unless they are certain that the views they express are those of Dis-Chem and it is Dis-Chem's desire that such views be publicly disseminated. Employees approached by the media should immediately contact the Chief Financial Officer or individual responsible for corporate communications.

An employee, when dealing with anyone outside Dis-Chem, including public officials, must take care not to compromise the integrity or damage the reputation of any outside individual, business, or government body, or that of Dis-Chem.

As a general rule, Dis-Chem's position on public policy or industry issues will be dealt with by senior management of Dis-Chem and existing policies in this regard must be adhered to. The text of the articles for publication, public speeches and addresses about Dis-Chem and its business should be reviewed in advance with the individual responsible for public relations.

Employees should separate their personal roles from Dis-Chem's position when communicating on matters not involving Dis-Chem business. They should be especially careful to ensure that they are not identified with Dis-Chem when pursuing personal or political activities, unless this identification has been specifically authorised in advance by Dis-Chem.

10.3 Promotion of Competition

Dis-Chem believes in the principles of free competitive enterprise. Other countries have laws that aim to promote this and severe penalties are imposed for anti-competitive conduct.

11. PRIVACY AND CONFIDENTIALITY

In the regular course of business, Dis-Chem accumulates a considerable amount of information and technology. The following principles are to be observed:

11.1 Obtaining and Safeguarding Information

Information necessary for Dis-Chem's business should be reliable, accurate and its confidentiality maintained. When personal information is needed, wherever possible, it should be obtained directly from the person concerned. Only reputable and reliable sources should be used to supplement this information and in accordance with the Data Protection Policy.

Information should only be retained as long as it is needed or as required by law, and it is every employee's responsibility to ensure that such information is physically secured and protected.

Employees are not permitted to remove any company information when they leave the employment of the company.

11.2 Access to information

Any information with respect to any product, plan or business transaction of Dis-Chem, or personal information regarding employees, including their salaries, or customers must be kept strictly confidential ("Confidential Information") and must not be disclosed or used for improper purposes by any employee unless and until proper authorisation for such disclosure has been obtained. Once authorisation has been obtained, all information required by stakeholders either on request or due to statutory requirements must be accurately disclosed. In addition, operating areas may implement policies and procedures to prevent improper transmission within Dis-Chem of material non-public information.

11.3 Termination of Employment

The obligation to preserve the confidentiality of Confidential Information acquired in the course of employment with Dis-Chem does not end upon termination of employment. The obligation continues indefinitely until Dis-Chem authorises disclosure, or until the Confidential Information legally enters the public domain.

Immediately upon the termination of employment for any reason, or when otherwise requested by Dis-Chem, employees are required to return to Dis-Chem all of the above-mentioned Confidential Information, including documents, information and other property.

11.4 Former employment

New employees will not be assigned to work where they might be required to use or disclose trade secrets or confidential information belonging to their former employers. New employees should not take away from their former place of employment any information that might be considered proprietary or confidential.

12. LEGAL POLICY AND GUIDELINES

12.1 Legal Policy and Guidelines

In all matters of legal relevance for Dis-Chem, it is imperative to seek initial or immediate advice and co-ordination from Dis-Chem's advisors. This applies, in particular to contract reviews and approvals, or whenever firm commitments are entered into or are to be terminated.

In the event of claims or demands by or against Dis-Chem (including audits, investigations or requests for information, etc.) external legal advisors should be consulted.

External legal advisors may only be consulted in co-operation with the Chief Executive Officer or Chief Financial Officer. For the purpose of safekeeping, legally relevant documents should be forwarded to the Chief Financial Officer who will arrange to safekeeping.

Legal Matters

Responsibility for Dis-Chem's legal affairs rests with the Chief Executive Officer and Chief Financial Officer.

Guidelines

- Consultation with Chief Executive Officer

  The Chief Financial Officer should be consulted at the earliest possible stage of legally relevant affairs and before any legal actions are taken.

- Contracts/agreements

  Contact the Chief Financial Officer in order to determine the contract review and approval procedure in each area. Where possible, Dis-Chem (and not the other contracting party) should draft contracts/agreements.

  No contract/agreement should be terminated before normal expiration term (even if Dis-Chem has the right to do this unilaterally) without first having consulted the Chief Financial Officer.

- Claims, demands and legal processes

  Companies or individuals in the group may receive claims or demands from third parties or may be served with a summons or subpoena, order to show cause or other documents legally requiring that an appearance be made or that a response be given. In all these cases, the Chief Financial Officer should be consulted immediately.

- Third party requests for information and documents

  In such cases, the requests should be brought to the attention of the Chief Financial Officer as soon as possible.

- Third party requests to inspect premises or documents

  Other than routine inspections e.g. health, fire etc., the advice of the Executive Director should be sought.

- External lawyers/counsel

  External lawyers should only be appointed with the approval of the General Manager: Finance & IT and the CEO.

- Signing of legal documents

  All legal contracts and agreements should be signed by two executive directors of Dis-Chem after the contract/agreement has been reviewed by Dis-Chem's legal advisors.

- Safekeeping of original documents

  All significant contracts/agreements (including confidentiality, consultancy, lease and license agreements) as well as other documents of significance to Dis-Chem, should be forwarded to the Chief Financial Officer for safekeeping.

12.2 Guidelines on business-related documents i.e. notes and memos

Most legal systems do not consider business-related documents (e.g. hand-written notes, memoranda and e-mail messages) as privileged, with the result that these documents can be inspected and copied by government agencies and private litigants. Any business-related documents about competitive matters, may, due to ambiguity or exaggeration, convey the erroneous impression that there has been contact with competitors with respect to prices or other anti-competitive conduct.

Business-related documents should be written clearly and carefully to avoid misinterpretation.

The following should be kept in mind:

- Do not use words suggestive of guilty or surreptitious behaviour (e.g. “please destroy after reading”);
- Do not overstate the significance of Dis-Chem’s competitive position or marketing strategy (e.g. “dominant position” or “this will cripple the competition”);
- Do not speculate on the legality of business conduct;
- Do not describe the competitive activities of competitors or customers as undesirable or objectionable (e.g. customers are “lost” and not “stolen”; price cutting is not “unethical”; and persons who charge higher or lower prices than Dis-Chem are not “mavericks”).
- Do not suggest that a customer or a class of customers is getting special treatment (e.g. “for you alone”).
- Do not use language that falsely suggests collusive conduct (e.g. “industry agreement” or “industry policy”).
- Any press release regarding costs, current or future prices, production or marketing strategy, joint ventures, acquisitions, or divestitures, should be reviewed by the Chief Executive Officer or, where required, by the Board prior to publication.

12.3 Sensitive payments and Conflicts of Interest Policy and Guidelines

All Dis-Chem business must be conducted in accordance with high moral and ethical standards and in observance of all applicable laws and regulations.

Dis-Chem must maintain high standards in its accounting and financial procedures and statements.

All transactions must be properly and accurately recorded in the appropriate books. All receipts and disbursements must be properly documented, recorded in the general ledger and reflected in the financial statements.

No employee shall make a false or misleading statement to, nor shall any employee conceal information from Dis-Chem's independent auditors or internal auditors.

No political contributions by Dis-Chem or any of its subsidiaries are to be made, directly or indirectly, to candidates for political office or to political parties or committees in any country. Responsibility for compliance with the policy, including the duty to seek guidance when in doubt, rests with each employee.

Confidential rebates may only be paid on behalf of Dis-Chem to the provider of the goods or services concerned or to Dis-Chem on its behalf and to no other party.

12.4 Prohibited transactions

Employees shall not on behalf of Dis-Chem or any of its subsidiaries, directly or indirectly, participate in any of the following transactions:

- Payment (directly or indirectly) of commercial bribes;
- Payments (directly or indirectly) to government officials or employees, employees of state-owned enterprises or employees of public international organisations (e.g., the United Nations, the International Monetary Fund or the World Bank), other than disbursements in the ordinary course of business;
- Payment (directly or indirectly) to any person if the employee knows or has reason to know that the payment will be used to bribe any public official, political party or official thereof, any candidate for political office or any employee of a state-owned enterprise or public, international organisation to obtain, retain, or direct business to any person;
- Establishment for any purpose of any undisclosed or unrecorded fund, bank account, or asset;
- Giving or receipt of costly entertainment or of gifts to or from persons with whom Dis-Chem or its subsidiaries do business; and
- Use of funds or assets of Dis-Chem or its subsidiaries for any other unlawful or unethical purpose.

13. OBLIGATIONS OF EMPLOYEES

13.1 Reporting

Candour is expected from employees at all levels. Prompt communication of any problems or breaches arising in the sensitive areas described above or in any similar areas can be made to any director of Dis-Chem to report anonymously possible problems or breaches of corporate policy or applicable law in their region without fear of recrimination, provided that the employee reports in good faith and on a reasonable basis, believing that the information disclosed is substantially true.

Should an employee be uncomfortable reporting any matters or breaches to an executive director then a telephone number has been displayed in all areas of Dis-Chem and which telephone number can be used by any employee to report any matters or breaches as detailed above.

13.2 Duties

All employees must perform their duties diligently, effectively and efficiently, and in particular:

- Support and assist Dis-Chem to fulfil its commercial and ethical obligations and objectives as set out in this Code;
- Avoid any waste of resources, including time;
- Be committed to improve productivity, achieve the maximum quality standards, reduce ineffectiveness, and avoid unreasonable disruption of activities at work;
- Commit to honouring their agreed terms and conditions of employment;
- Not act in any way that may jeopardise the shareholders rights to a reasonable return on investment;
- Act honestly and in good faith at all times and report any harmful activity they observe in the workplace;
- Recognise fellow employees' rights to freedom of association and not intimidate fellow employees;
- Pay due regard to environmental, public health and safety conditions in and around the workplace; and
- Act within their powers and not carry on the business of Dis-Chem recklessly.

13.3 Copyrights

The Employee acknowledges that Dis-Chem shall be the owner of the copyright in any work which is eligible for copyright, and which is created or executed by the employee, whether alone or with others, in the course and scope of employment.

All work created or executed by the employee and for which copyright exists shall, unless the employee established the contrary, be deemed to have been created or executed in the course and scope of employment with Dis-Chem.

13.3 Whistleblowing

It is the responsibility of all employees to immediately report any and all allegations and/or incidents of fraud, corruption and/or unethical conduct to their immediate Line Manager or, if the employee has reason to believe that their immediate Line Manager is involved, to the next level of Management.

Should employees wish to report allegations of fraud, corruption and/or unethical conduct anonymously, they may report same using the following mediums:

- Call: 0800 444 315;
- SMS: 33490;
- Email: dischem@whistleblowing.co.za
- Website: www.whistleblowing.co.za

All information received is treated confidentially to the extent possible, while allowing a full investigation to be conducted into the suspected fraud, corruption and/or unethical conduct allegation.

Dis-Chem reserves the right to pass on any information to the proper law enforcement agency in order that such entity may determine whether criminal charges are warranted.